

**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
(CEFA)**

College Access Tax Credit Fund

Taxable Year 2024 – Update

February 27, 2025

Background:

The College Access Tax Credit Fund (CATCF or the Fund) was enacted with the passage of Senate Bill 798 in 2014 and amended by Senate Bill 81 in 2015. The CATCF allowed individuals, insurance companies, and businesses to claim a tax credit equal to a certain percentage of cash contributions made to the Fund in Taxable Year (TY) 2014-2017. The tax credit was based on an annual sliding scale, from 60% in TY 2014 to 50% in TY 2017, and the maximum aggregate of tax credits allowable was \$500 million each year, in addition to the amount of unallocated and uncertified tax credits from the previous TY. CEFA administers the Fund and is responsible for allocating and certifying the tax credits for individuals, insurance companies, and businesses, and providing copies of the certifications to the Franchise Tax Board (FTB) and the Department of Insurance.

Under the original legislation, the CATCF was set to expire after TY 2017. Assembly Bill 490, passed in 2017, extended the Fund through TY 2027. All of CEFA's responsibilities remain unchanged, and CEFA continues to allocate and certify tax credits equal to 50% of the amount contributed by the taxpayer to the Fund; however, the maximum aggregate of tax credits CEFA can allocate and certify cannot exceed a total cumulative amount of \$500 million for TYs 2017 – 2027 combined.

Up through TY 2023, moneys collected by the Fund were distributed by the California Student Aid Commission (CSAC) to Cal Grant B recipients. However, the amount of contributions collected by the Fund have not been significant enough to provide Cal Grant B recipients a meaningful award, due to the large number of recipients. In September 2023, Assembly Bill 1400 (AB 1400) was passed, which changed the target population benefitting from CATCF contributions to California community college student transfers to regionally accredited Historically Black Colleges and Universities (HBCUs) that have an associate degree for transfer memoranda of understanding on file with the office of the Chancellor of the California Community Colleges.

Due to the passing of AB 1400, CSAC developed the Cal-HBCU Transfer Grant Program for students who've completed an associate's degree for transfer to qualifying HBCUs. These eligible students will be the recipients of the contributions to the Fund.

Contributions to the Fund

For TY 2024, CEFA received \$930,703 in contributions across 63 taxpayers. The table below reflects a summary of contributions and tax credit data for TY 2024.

	<u>2024</u>
Total Number of Contributions	63
Total Amount of Contributions	\$930,703
Tax Credits Allocated and Certified	\$465,552
Largest Contribution	\$100,000
Smallest Contribution	\$50
Average Contribution	\$14,773
Median Contribution	\$5,000

Annual Trends & Program Marketing

The total number of contributions to the Fund has steadily decreased over the years from 355 in TY 2014 to 63 in TY 2024. The total number of contributors and the dollar amount contributed in TY 2024 is still much lower when compared to TY 2018 and prior years. It is presumed that the passing of the Tax Cuts and Jobs Act (TCJA) in December 2017 is largely responsible for the reduction of contributions after TY 2018. The TCJA made several significant changes to individual income taxes, such as larger standard deductions and new limitations on itemized deductions. Additionally, much of the total dollar amount of contributions received prior to TY 2019 were made up of a single large contribution, which was no longer made after TY 2018.

CEFA, CSAC, and the State Treasurer's Office (STO) have engaged in several marketing efforts in an attempt to increase the number of contributions, including promotional efforts on social media, webinars, collaborations with FTB, and sending informational fliers to various stakeholders, interested parties, and tax associations across the state. With the new target population benefitting from the Fund contributions, CEFA, CSAC, and STO have been engaging with various HBCU alumni, fraternity, and sorority associations, looking for new opportunities to spread the word of the benefits of the Fund.

